

Buyers flocking to Eagle

By Roger Boye

Uncle Sam continues to churn out American Eagle gold coins round-the-clock in an attempt to fill a massive influx of orders.

Sales of the Eagle—the first gold bullion piece in U.S. history—began on Oct. 20, and in just two days officials had exhausted their entire inventory of 558,000 ounces of gold coins. Last Monday, buyers snapped up another 134,000 ounces of freshly minted gold.

"We've been overwhelmed by the response," said Michael Brown, assistant to U.S. Mint Director Donna Pope. "We had consulted [bullion-coin] experts, and no one predicted anything like this."

[The U.S. Mint sells uncirculated gold Eagle coins to 25 wholesale distributors around the world. The wholesalers send the gold to coin shops, precious-metal dealers and financial institutions for sale to individual investors.]

The brisk demand has created spot shortages as some coin dealers have been unable to obtain enough coins—or any coins so far—to fill all of their orders. That, in turn, has boosted coin premiums to what some people believe are artificially high levels.

"It's a classic case of herd

mentality; people see all the publicity about the gold program and they want to buy coins immediately," said Kurt R. Krueger of Iola, Wis., a well-known coin dealer and American Numismatic Association governor. His advice to would-be investors: Be patient.

Most observers had predicted in early October that investors who bought a one-ounce Eagle would pay the spot price of gold plus a sales premium of perhaps 6 to 10 percent. But last weekend, some retailers charged premiums of from 12 to 14 percent on the one-ounce coin and premiums of more than 20 percent each on the three smaller Eagles. [Those three pieces, containing gold weighing one-half, one-quarter and one-tenth ounce, are in even tighter supply than the one-ounce coins.]

Still, the government is expected to produce and sell to distributors at least 100,000 gold Eagles per week until the supply of coins exceeds demand. If so, experts say, the high premiums should decline.

Meanwhile, some local coin shops have received dozens of telephone calls about the gold program. For example, a Chicago dealer reported that he heard from more potential customers during the week of Oct. 20 than



The \$100 gold coin issued by Canada to commemorate the UN declaration of 1986 as "International Year of Peace."

in any other week since the great gold and silver market boom of 1979 and 1980.

Mint directors had projected sales of 2.2 million ounces of gold in the program's first year. But given the pent-up demand and production pace, the govern-

ment could surpass that target in less than five months.

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Federal workers already have received thousands of orders from collectors for one-ounce proof specimens of gold and silver American Eagles. The gold coin costs \$550 [about \$100 more than the current price for an uncirculated gold Eagle] and the silver, \$21.

Officials say they will issue enough proof coins to fill all orders postmarked by Dec. 1. Accordingly, production of 1986-dated proof Eagles might continue well into the new year, depending on the number of coins sold.

Mint specialists make proofs for hobbyists using polished slugs and dies, among other things. The uncirculated gold Eagles [first sold to wholesalers on Oct. 20 and currently available at some coin shops] are produced under more routine practices and are intended for sale to precious-metal investors.

To purchase proof Eagle coins, send a check to the U.S. Mint, P.O. Box 13627, Philadelphia, Pa. 19101-3627. There is no order limit, but the government won't mail coins to buyers until next January, at the earliest.

Meanwhile, mint staffers plan to distribute the first uncirculated specimens of one-ounce silver Eagles to wholesalers on Nov. 24.